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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

25 May 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : David D. Gries
National Intelligence Officer for East Asia

SUBJECT : East Asia Warning Assessment

1. The following items were discussed by the Community Representatives at the 19 May Warning Meeting.

2. Warning -- No developments in East Asia were suggested for discussion under this heading.

3. Regional Policy Issues -- The NIO for East Asia noted that key EA issues facing US policymakers include:

- US arms sales to Taiwan;
- US-Japan economic relations;
- the Vietnamese occupation of Kampuchea; and
- sporadically, Korea.

4. Regional Developments

a. [REDACTED]

[REDACTED] in the DPRK. These are thus far cautiously appraised as isolated anti-state acts. We lack any indication that they have an organizational base or reflect factionalism in the NK leadership. References in DPRK media to ROK agent networks are exemplars of NK paranoia, not ROK activities.

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b. CIA said that the Key Judgments in [] October 1981 still apply should Sino-American relations continue to deteriorate, which we are not predicting. PRC moves could include:

- withdrawal of Ambassadors;
- continued curbs on bilateral talks on strategic cooperation;
- hints of curtailment of trade and investment without sharp changes;
- expansion of PRC contacts with the US domestic political opposition; and
- taking stands more critical of the US on Middle East, Latin American and other issues, though this would be only partially caused by any deterioration in Sino-American relations.

It was noted that Chinese public references to a US commitment not to sell arms to Taiwan while the matter is under discussion with Beijing are inaccurate, according to a March State press briefing. Since the next arms transfer might take place in six weeks, the Chinese could be positioning themselves to charge us with mala fides in the negotiations.

c. State described Sino-Soviet state relations as having returned over the past six months to seeking modest improvements, after a severe downturn following the December 1979 Soviet invasion of Afghanistan. The Chinese responded coolly to Brezhnev's Tashkent speech. The latest trade agreement provides for a turnover below the 1980 level, though up from 1981; border trade is being genuinely facilitated. The Chinese are keenly aware that Soviet policy toward them is aimed at weakening Sino-American relations. China's renewed emphasis on its Third World identity, though often annoying to the US, is even more abrasive to the Russians. There is no evidence in regard to PRC leadership attitudes toward seeking rapprochement with the Soviet Union; lower level Chinese officials sometimes identified as pro-Soviet are not in ascendancy. To improve relations, the PRC requires of the Soviets that they:


- pull back militarily from the border;
- admit that the deterioration of relations was initiated by the Soviets; and
- change their Afghan and Indo-China policies.

The lack of any meaningful Soviet attempt to even begin negotiations on these formidable Chinese demands may be based on a Soviet realization that for the foreseeable future Moscow will remain unable to achieve the kind of relations with Beijing that Washington now enjoys, and this worries them. The Chinese are more relaxed about publicizing their modest improvements in relations with the Soviets and Third World governments in areas where up to six months ago they exercised greater restraint in fear of offending the US. We have evidence of lack of coordination in the Chinese bureaucracy which explains discrepancies and gaffes in these areas, rather than the existence of some subtle master plan.

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5. Plans for Interagency Work -- The NIO for East Asia described the 13 projects now in various stages of consideration for the remainder of 1982, and asked that planning now begin for 1983 production.


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